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C O N F I D E N T I A L SECTION 01 OF 02 STATE 078149

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SUBJECT: (U) Secretary Clintons July 14, 2009
Conversation with Latvian Foreign Minister Maris Riekstins

[1](#)1. (U) Classified by EUR Assistant Secretary Phil Gordon for reasons 1.4 (b) and (d).

[1](#)2. (U) July 14, 2009, 4:00 - 4:30, Washington, D.C.

[1](#)3. (U) Participants:

U.S.
Secretary Hillary Rodham Clinton
EUR Assistant Secretary Phil Gordon
State Spokesman Ian Kelly
NSC Director Jeff Hovenier
S Staff Joseph MacManus
EUR/NB Desk Officer Carol Beilman Werner (Notetaker)

Latvia
Foreign Minister Maris Riekstins
Ambassador Andrejs Pildegovics
MFA Political Director, Peteris Ustubs
FM's Chief of Staff, Ilze Milta
Embassy Political Officer Edgars Trumkalns

[1](#)4. (C) SUMMARY. Secretary Clintons July 14 meeting with Latvian Foreign Minister Riekstins focused on the current economic crisis in Latvia, energy security, NATO, the Baltic American Enterprise Fund, and Jewish property restitution. The Secretary offered to help Latvia manage its economic crisis by supporting the structural reforms needed for long-term economic growth; Riekstins requested that the United States urge the IMF to resume its disbursement of funds under Latvias Stand-by Arrangement. Secretary Clinton told Riekstins that the United States would assist Latvia in obtaining technical assistance to develop its use of renewable energy. Riekstins affirmed Latvias commitment to the mission in Afghanistan and expressed Baltic interest in having input into drafting the new NATO Strategic Concept. After briefly discussing issues related to the EU Eastern Partnership, Riekstins offered the Secretary Latvias assistance in developing what he termed a needed regional approach to Central Asia. FM Riekstins also requested the Secretarys help in converting the Baltic American Enterprise Fund to a foundation fostering U.S.-Baltic exchanges. The Secretary urged Latvia to come to closure on the issue of Jewish property restitution. END SUMMARY.

Latvian Economy

[1](#)5. (C) Secretary Clinton expressed support for Latvia during its economic crisis, but noted that the Latvian government (GoL) still needed to undertake structural reforms to ensure recovery and long-term growth. In response, Riekstins described what the GoL had done to stabilize the economy, including making deep cuts to the

national budget in order to meet the terms of Latvias IMF/EU Stand-by Arrangement. He noted that the EU deemed the budget cuts sufficient to disperse its second tranche of funds in late July. He asked that the United States encourage the IMF to resume its disbursement of funds as well, for IMF support of Latvias budget was important for the international community to regain faith in the Latvian economy. The Secretary recognized Latvias difficulties, stating that she and EUR Assistant Secretary Gordon would support Latvia on other steps needed for economic stabilization and future expansion.

Energy Security

¶6. (C) FM Riekstins told the Secretary that Latvia sought more economic exchanges with the United States, focusing on Latvias need for technical assistance to develop its use of renewable energy. He noted that Latvia had been negotiating Memoranda of Understanding with U.S. Department of Energy laboratories to obtain such assistance. The Secretary approved of Latvias plans to gain more control over its energy supplies and promised to assist in that endeavor.

STATE 00078149 002 OF 002

¶7. (C) Secretary Clinton thanked Latvia for maintaining its contributions to Afghanistan in spite of Latvias economic difficulties. Riekstins affirmed Latvias support for the NATO mission, pointing out that Latvia was the seventh largest per capita Allied contributor. He added that the Latvian port of Riga was a key node in the Northern Distribution Network, which Latvia hoped its economy could benefit from through the local procurement of supplies sent through the network to Afghanistan.

¶8. (C) Riekstins and Secretary Clinton welcomed calls for NATO contingency planning and joint exercises as stated in the Strasbourg-Kehl NATO Summit Declaration. The Foreign Minister added that Latvia would like to see Article 5 strengthened in the new Strategic Concept and that the three Baltic states had presented a joint candidate to be a member of the Wiseman Group that would take the lead in writing it. The Secretary approved of the Baltic initiative, saying that it was a good way for Latvia, Estonia, and Lithuania to articulate their concerns as NATO Allies.

EU Eastern Partnership

¶9. (C) Riekstins raised the EU Eastern Partnership, describing it as a means for the European Union to develop a more coherent policy towards its eastern neighbors. He briefly referred to the state of affairs in Belarus (very vulnerable to Russia), Ukraine and Moldova (unstable governments), Azerbaijan (relatively stable), and Georgia. Regarding the latter, he said that the Georgian Foreign Minister found the decreasing international presence in his country worrisome. Riekstins thought it a good idea to expand the EU Monitoring Mission in Georgia to include countries from outside the EU, such as the United States.

Central Asia

¶10. (C) Riekstins felt that the West needed to develop a regional approach to Central Asia as well, one that went beyond Afghanistan, Iran, and Pakistan, and recognized the strategic importance of the region with regard to energy supplies. He offered to help the United States make inroads in the region via good

relations that Latvia had established as a former member of the Soviet Union. Secretary Clinton replied that the Obama administration shared Latvians' views on the importance of the region, recommending that the Latvians share their insights with U.S. embassies in Central Asia.

Baltic American Enterprise Fund

¶11. (C) Riekstins and Ambassador Pildegovics raised the Baltic American Enterprise Fund (BalaEF), saying that Peter Orszag, Director of the Office of Management and Budget (OMB), was delaying the conversion of the BalaEF to a foundation fostering educational and professional exchanges between the United States and the Baltic nations. If the Obama administration could move the BalaEF conversion forward, it would be well received by the Baltic publics. Secretary Clinton pledged to follow up on the issue and hoped that the foundation could soon be established to support vital U.S.-Baltic exchange programs. (NOTE: OMB's position is that the precedent of returning to Treasury half of the original USAID grant used to establish the fund must be observed, reducing foundation funds from \$62 million to \$37 million. The BalaEF board has opted to defer transition to the foundation while seeking an exception allowing for endowment of the full \$62 million. ENDNOTE)

Jewish Property Restitution

¶12. (C) Secretary Clinton asked that the Latvian government move forward on legislation to return Jewish communal property. Riekstins responded that Latvia had already returned a good amount of property and would continue to work on coming to closure on the issue.
CLINTON